

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1520 – SB 1579

January 26, 2016

SUMMARY OF BILL: Authorizes the Tennessee Health Services and Development Agency (HSDA) to consider a certificate of need (CON) for a qualified divided relocation of a nursing home facility. Defines “qualified divided relocation of a nursing home” as a circumstance in which an existing nursing home facility seeks to relocate portions of its beds to two different sites in the same county; provided the existing nursing home facility is at least 130 beds, has been in existence and operated at the same site for over 40 years, is located adjacent to a hospital that has received a CON to relocate the hospital to a new site in the same county, and each of the sites to which the nursing home facility proposes to relocate a portion of its beds is in the same county as the existing facility.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Increase Federal Expenditures – Not Significant

Other Fiscal Impact – To the extent the relocation to Medicare post-acute rehabilitation services reduces the number of available Medicaid beds, the Bureau of TennCare could experience a decrease in expenditures. The exact amount and timing of any decrease is unknown, but the annualized decrease in expenditures resulting from the reduction of one Medicaid bed is estimated to be \$22,600 in state funds and \$41,900 in federal funds.

Assumptions:

- According to the HSDA, there is one nursing home that will meet the criteria of the bill to relocate beds.
- A certificate of need would have to be obtained prior to the relocation of any licensed beds. Application fees from the certificate of need process will be collected to cover the cost of the review; therefore, the net impact to HSDA is not significant.
- There are several unknown factors that contribute to the fiscal implications of the proposed legislation. These include, but are not limited to: the number of beds that will be relocated from the existing nursing home facility, the amount of time it will take for the beds to be relocated, the occupancy rates prior to and post relocation, and the percentage of beds occupied by Medicaid residents prior to and post relocation. Due to

these unknown factors, it is difficult to determine the exact fiscal impact and the fiscal year in which the full impact would occur.

- The Bureau of TennCare does not expect an increase in the number of Medicaid beds in the facility as a result of relocation. It is expected that the newly located beds will focus primarily on post-acute rehabilitation services which will impact Medicare beds.
- However, it is unknown if the relocation and the anticipated focus on post-acute rehabilitation services in the new facility will result in a decrease in the total number of Medicaid beds for the nursing home facility.
- The daily average cost of Level 1 Nursing Facility reimbursement is \$176.62, for an annual cost of \$64,466.30 (\$176.62 x 365 days).
- Of this amount, \$22,574.16 would be state dollars (\$64,466.30 x 35.017%) and \$41,892.14 would be federal dollars (\$64,466.30 x 64.983%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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